

Message Text

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ACTION COME-00

INFO OCT-01 AF-10 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

DRC-01 DODE-00 PA-04 USIA-15 PRS-01 /148 W

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R 120830Z JAN 74

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 6178

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E.O. 11652: N/A

TAGS: BEXP, CG

SUBJECT: ZAIRIANIZATION AND THE WTDR

REF: STATE 001065

1. PRESIDENT MOBUTU'S NOVEMBER 30 SPEECH OUTLINED
GENERAL THRUST GOZ ECONOMIC INITIATIVES WHICH GO BEYOND
OBJECTIVES STIPULATED IN JANUARY 5, 1973 SPECIAL LAW
ON COMMERCE. AS TO TIME TABLE FOR TAKEOVERS, NOVEMBER
30 COMMERCE MINISTRY ZAIRIANIZATION ORDINANCE PROVIDED
FOR ZAIRIANIZATION FOREIGN-OWNED COMMERCIAL AND AGRICUL-
TURAL ENTERPRISES BY JUNE 1. TIME PERIOD REDUCED BY
DECEMBER 10 COMMERCE MINISTRY ORDINANCE TO MARCH 1. DESPITE
GOZ ANNOUNCEMENT OF DEC. 26 LIST OF CANDIDATES ELIGIBLE FOR
TAKEOVERS WAS NOT ANNOUNCED DECEMBER 31 AS SCHEDULED.
ACTUAL TAKEOVERS ALONG WITH EXCEPTIONS HAVE COMMENCED BUT
DETAILS ARE LACKING. WE ASSUME PROCESS MAY BE SLOW AND
CAUTIOUS SINCE GOZ HAS PROBABLY BITTEN OFF MORE THAN IT CAN
DIGEST.

2. EXCEPT FOR FIRMS WHICH MAY BE SPECIFICALLY EXEMPTED
BY GOZ, ZAIRIANIZATION MEASURES APPLY TO ALL FOREIGN-
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OWNED COMMERCIAL AND AGRICULTURAL ENTERPRISES, NOT ONLY

TO PAKISTANIS, GREEK AND PORTUGUESE ENTERPRISES. ALL TRADING HOUSES, INCLUDING EUROPEAN (MANY OF WHICH ACT AS DISTRIBUTORS FOR U.S. MANUFACTURERS) AND DIRECT U.S. SALES REPRESENTATIVES, ARE LIKEWISE SUBJECT TO SAME TREATMENT AS PROVIDED FOR IN COMMERCE MINISTRY ZAIRIANIZATION ORDINANCES OF NOVEMBER 30 AND DECEMBER 10 (AS REPORTED KINSHASA 251, U.S. PHARMACEUTICAL REPS EXEMPTED.) THE LATTER ARE SPECIFICALLY DESIGNED TO IMPLEMENT THE SPECIAL LAW ON COMMERCE OF JANUARY 5, 1973, WHICH BASICALLY COVERS SEVEN SECTORS OF THE ECONOMY SUCH AS IMPORTS, EXPORTS, WHOLESALE, ETC.

3. AS GOZ ANNOUNCES CHANGES IN FIRM NAMES AND/OR NAMES NEW ZAIRIAN OWNERS, WE SHALL ACCORDINGLY NOTIFY THE DEPARTMENT. UNTIL SUCH INFORMATION IS MADE AVAILABLE, WE ARE NATURALLY UNABLE TO ASSESS TRADE CAPABILITIES OF NEW OWNERS OR NEW MANAGEMENT. U.S. FIRMS DOING OR DESIRING TO DO BUSINESS IN ZAIRE SHOULD GO FORWARD WITH THEIR ACTIVITIES, BUT WOULD BE WELL ADVISED TO PROCEED WITH CAUTION.

4. PROPOSED WORDING FOR ATTACHMENT TO WTDR FOLLOWS:

THE AMERICAN EMBASSY IN KINSHASA WISHES TO ENCOURAGE AMERICAN FIRMS TO SELL IN ZAIRE BECAUSE OF THE BUSINESS PROSPECTS THIS COUNTRY OFFERS. BUT BECAUSE OF RECENT GOZ ECONOMIC POLICY AIMED AT ZAIRIANIZATION OF FOREIGN-OWNED COMMERCIAL AND AGRICULTURAL ENTERPRISES, U.S. MANUFACTURERS AND EXPORTERS MAY BE FACED WITH A SET OF NEW BUSINESS CIRCUMSTANCES. THEY ARE ADVISED TO EXERT CAUTION IN THE APPOINTMENT OF AGENT/DISTRIBUTORS, PARTICULARLY FIRMS CURRENTLY OWNED AND/OR OPERATED BY THIRD COUNTRY NATIONALS. TO ASSIST AMERICAN BUSINESS, THE EMBASSY INTENDS TO ASSESS TRADE CAPABILITIES OF FIRMS RELINQUISHED BY EXPATRIATES TO NEW ZAIRIAN OWNERS AND/OR MANAGEMENT AS SOON AS POSSIBLE AND FEASIBLE. SALES SHOULD PREFERABLY BE MADE AGAINST LETTERS OF CREDIT TO INSURE PAYMENT FOR EXPORTS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 12 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KINSHA00340
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: KINSHASA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740145/aaaabqwf.tel
Line Count: 98
Locator: TEXT ON-LINE
Office: ACTION COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 001065
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 04 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 SEP 2002 by shawdg>; APPROVED <04-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ZAIRIANIZATION AND THE WTDR
TAGS: BEXP, CG
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005